

CALIFORNIA ENERGY COMMISSION
Peak Load Reduction Program
Energy Efficiency Financing Loans Program Summary

Program Description:

The Energy Efficiency Financing Loan Program provides low-cost loans to finance energy conservation projects. Eligible participants include:

- Schools
- Hospitals
- Public care institutions
- Special districts
- Local governments

Eligible projects can vary widely, for example:

- Lighting improvements
- Heating, ventilating and air conditioning system improvements
- Equipment controls
- Cogeneration
- Photovoltaic panels

The Program provides funds for complete projects, including engineering, design, installation and equipment costs, and a technical review from experienced Commission staff. Public agencies are often hampered by the lack of the technical expertise necessary for this analysis, and this program overcomes that issue. Energy savings for the project must be sufficient to repay the loan, including principal and interest, within 11 years—or about an 8.5 year simple payback at current interest rates. The Program was included as part of the Peak Load Reduction Program to help reduce energy use during California's energy crisis.

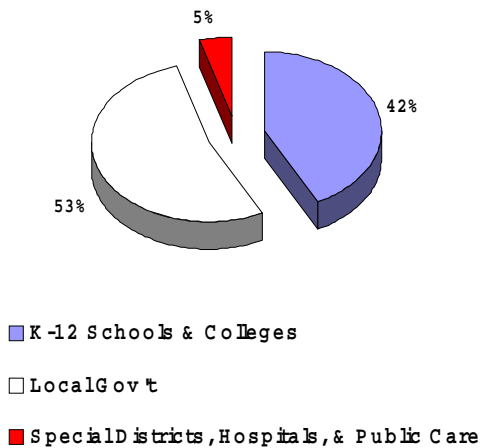
Project Results:

Since the Program's inception in 1979, there have been over 500 loans issued, totaling about \$116 million, with 66 of those loans funded as part of the Peak Load Reduction Program effort. These 66 projects alone will save the participating agencies about \$7 million in reduced energy costs, reduce California's annual electrical use by 64 million kilowatt-hours, and reduce the electrical demand by 13.6 megawatts. The savings are enough to provide electricity for approximately 13,000 homes.

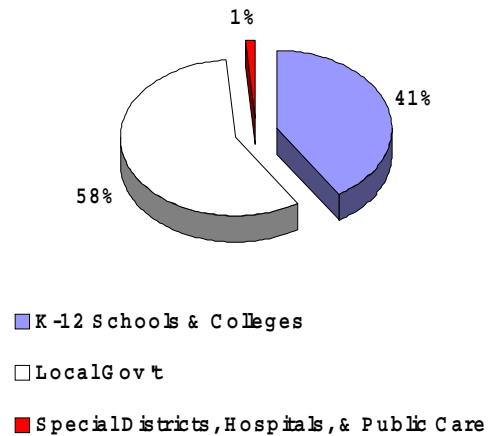
Funding Details:

The Energy Efficiency Loan Program is funded through the Energy Conservation Assistance Act (ECAA) account. In 2001 California Assembly Bill 29X passed as emergency legislation. This legislation provided an additional \$50 million in ECAA funding, and financed 66 loans under the Peak Load Program. The following charts demonstrate the distribution of this funding.

Number of Loans by Sector



Loans by Dollar Volume



Lessons Learned:

Public agencies often take two or more years to complete a project. However, many participants have successfully lessened their project timeframe to under two years by using one or more of the following techniques:

- Using an internal champion to oversee the project from start to finish.
- Gaining management support to regard these projects as a top priority.
- Obtaining incentives and/or rebates for completing projects quickly.
- Using an energy services company to help identify and implement projects. Over 54 percent of the applicants successfully used this technique.

Having a good technical study is the cornerstone to a successful project. A technical study that uses realistic assumptions and costs in its analysis will result in a project that will meet its energy savings expectations. The resulting estimated annual cost savings was the basis for determining the annual loan payment schedule.

Additional Opportunities for Financial Assistance:

Loan funds are still available. Program updates, current interest rate, and information can be found on the Energy Commission website at:
www.energy.ca.gov/efficiency/financing/index.html.

To help public agencies identify energy savings opportunities, the Commission's Bright Schools Program and the Energy Partnership Program can provide the needed technical assistance – often at little or no cost. For additional information, please check the Energy Commission website:

Bright School Program <http://www.energy.ca.gov/efficiency/brightschoools/index.html>

Energy Partnership Program <http://www.energy.ca.gov/efficiency/partnership/index.html>